



Reprinted
February 26, 2002

ENGROSSED SENATE BILL No. 528

DIGEST OF SB 528 (Updated February 25, 2002 5:59 PM - DI 77)

Citations Affected: IC 12-15.

Synopsis: Extends to December 31, 2004, the expiration date of provisions: (1) prohibiting the office of Medicaid policy and planning (OMPP) from providing incentives to primary care medical providers for directing individuals to contracted hospitals other than a hospital in a city where the patient resides; and (2) concerning reimbursement rates for hospitals that previously contracted with the office's managed care contractor for the provision of services under the office's managed care program. Requires the hospital's claims submission procedures to follow the managed care organization's provider manual. Requires certain hospitals that do not have a contract with OMPP's managed care contractor to be reimbursed at the rate paid Medicaid providers who are not contracted in OMPP's managed care services program.

Effective: July 1, 2002.

Rogers, Miller, Smith S

(HOUSE SPONSORS — BROWN C, SMITH V)

January 14, 2002, read first time and referred to Committee on Rules and Legislative Procedure.

January 15, 2002, amended; reassigned to Committee on Health and Provider Services.

January 31, 2002, amended, reported favorably — Do Pass.

February 4, 2002, read second time, ordered engrossed. Engrossed.

February 5, 2002, read third time, passed. Yeas 48, nays 0.

HOUSE ACTION

February 11, 2002, read first time and referred to Committee on Public Health.

February 21, 2002, reported — Do Pass.

February 25, 2002, read second time, amended, ordered engrossed.

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ES 528—LS 7327/DI 13+



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Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

ENGROSSED SENATE BILL No. 528

A BILL FOR AN ACT to amend the Indiana Code concerning
human services.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 12-15-11.5-3, AS AMENDED BY P.L.141-2001,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2002]: Sec. 3. (a) The office or the office's managed care
4 contractor may not provide incentives or mandates to the primary
5 medical provider to direct individuals described in section 2 of this
6 chapter to contracted hospitals other than a hospital in a city where the
7 patient resides.

8 (b) The prohibition in subsection (a) includes methodologies that
9 operate to lessen a primary medical provider's payment due to the
10 provider's referral of an individual described in section 2 of this chapter
11 to the hospital in the city where the individual resides.

12 (c) If a hospital's reimbursement for nonemergency services that are
13 provided to an individual described in section 2 of this chapter is
14 established by:

- 15 (1) statute; or
16 (2) an agreement between the hospital and the individual's
17 managed care contractor;

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the hospital may not decline to provide nonemergency services to the individual on the basis that the individual is enrolled in the Medicaid risk based program.

(d) A hospital that provides services to individuals described in section 2 of this chapter shall comply with eligibility verification programs, ~~and medical management programs negotiated under the hospital's most recent contract or agreement with the office's managed care contractor.~~ **claims submission requirements, and medical utilization management policies and procedures as described in the managed care organization's provider manual and approved by the office.**

(e) This section expires December 31, ~~2002:~~ **2004.**

(f) Notwithstanding subsection (a), this section does not prohibit the office or the office's managed care contractor from directing individuals described in section 2 of this chapter to a hospital other than a hospital in a city where the patient resides if both of the following conditions exist:

(1) The patient is directed to a hospital other than a hospital in a city where the patient resides for the purpose of receiving medically necessary services.

(2) The type of medically necessary services to be received by the patient cannot be obtained in a hospital in a city where the patient resides.

SECTION 2. IC 12-15-11.5-4.1, AS ADDED BY P.L.141-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4.1. (a) A hospital that:

(1) does not have a contract in effect with the office's managed care contractor; but

(2) previously contracted or entered into an agreement with the office's managed care contractor for the provision of services under the office's managed care program;

shall be reimbursed for services provided to individuals described in section 2 of this chapter at rates equivalent to the ~~rates negotiated under the hospital's most recent contract or agreement with the office's managed care contractor,~~ as adjusted for inflation by the inflation adjustment factor described in subsection (b): ~~However, the adjusted rates may not exceed the established Medicaid rates paid to Medicaid providers who are not contracted providers in the office's managed health care services program.~~ **established Medicaid rates paid to Medicaid providers who are not contracted providers in the office's managed care services program, as revised periodically.**

(b) For each state fiscal year beginning after June 30, 2001, an



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1 inflation adjustment factor shall be applied under subsection (a) that is
2 the average of the percentage increase in the medical care component
3 of the Consumer Price Index for all Urban Consumers and the
4 percentage increase in the Consumer Price Index for all Urban
5 Consumers, as published by the United States Bureau of Labor
6 Statistics, for the twelve (12) month period ending in March preceding
7 the beginning of the state fiscal year.

8 (c) This section expires December 31, ~~2002~~: **2004**.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 528, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Health and Provider Services.

(Reference is to SB 528 as introduced.)

GARTON, Chairperson

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SENATE MOTION

Mr. President: I move that Senator Miller be added as second author
and Senator Smith S be added as coauthor of Senate Bill 528.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 528, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 8, reset in roman "(e) This section expires December 31,".

Page 2, line 8, after "2002." insert "**2004.**".

Page 2, line 9, reset in roman "(f)".

Page 2, line 9, delete "(e)".

Page 3, line 2, reset in roman "(c) This section expires December 31,".

Page 3, line 2, after "2002." insert "**2004.**".

and when so amended that said bill do pass.

(Reference is to SB 528 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 9, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Senate Bill 528, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BROWN C, Chair

Committee Vote: yeas 12, nays 0.

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HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 528 be amended to read as follows:

Page 2, line 5, after "verification" insert "programs,".

Page 2, line 5, strike "and".

Page 2, strike line 6.

Page 2, line 7, strike "recent contractor agreement with the office's managed care contractor." and insert **"claims submission requirements, and medical utilization management policies and procedures as described in the managed care organization's provider manual and approved by the office. "**

Page 2, line 29, strike "rates negotiated under".

Page 2 strike lines 30 through 34.

Page 2, line 35, strike "health care services program." and insert **"established Medicaid rates paid to Medicaid providers who are not contracted providers in the office's managed care services program, as revised periodically."**

(Reference is to ESB 528 as printed February 22, 2002.)

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